

SECTIONAL ANALYSIS AND EXPLANATION

Section 1 amends section 204(b)(3) of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, to eliminate the requirement that a child be dependent upon a parent participant in order to receive a survivor annuity, to raise from 21 to 22 the maximum age for receiving survivor annuity payments as a student, to increase from 4 to 5 the maximum months absence from school which may be permitted without terminating such a survivor annuity, and to permit a natural child of a deceased participant to share in the distribution of any money or deposit in the CIA Retirement and Disability Fund which belongs to the deceased participant. Similar changes in the administration of the Civil Service retirement system were approved during the 89th Congress by amendment to the Civil Service Act, P. L. 89-407, and the "Civil Service Retirement Act Amendments of 1966" set forth in P. L. 89-504.

Section 2 amends section 221(e) of the Act to provide for the commencement and termination date for a child survivor annuity and to assure that the survivor annuity of a student may be granted even though it had previously been terminated. A similar provision is contained in the Civil Service Retirement Act Amendments of 1966, Section 506(d), P. L. 89-504.

Section 3 amends section 221 of the Act by adding new paragraphs (i), (j), and (k) as follow:

New paragraph (i) authorizes the payment of annuities from the fund as soon as a participant otherwise eligible for an annuity enters nonpay status and incorporates specific provisions for commencement of annuities to survivors, conforming to the Civil Service provision set forth at 5 U. S. C. 8345(b).

New paragraph (j) incorporates specific provisions for the termination of annuities to retirees and survivors, conforming to the Civil Service provision set forth at 5 U. S. C. 8345(c).

New paragraph (k) provides an option to credit prior civilian service for which no deductions have been made by reducing the resulting annuity by 10 percent of the amount owed, conforming to the Civil Service provision set forth at 5 U. S. C. 8339(h).

Section 4 amends section 236 of the Act to increase the number of retirements authorized during the period 1 July 1969 through 30 June 1974. It is estimated that the present limit of 400, which applies to all retirements except disability, will be reached in fiscal year 1973. Under these circumstances orderly retirement planning cannot proceed. The limit on number of retirements was established in the Act only for the

first ten years of the operation of the retirement system and the numerical limitations placed in the Act were based upon the best estimates that were available at that time assuming a stable rather than a reducing work force.

Section 5 amends section 252 of the Act to permit the transfer to the CIA Fund of the employer's contributions as well as the contributions of the employee when an employee is transferred from some other Government retirement system to the CIA Retirement and Disability System. In addition, it authorizes the transfer from the Agency retirement fund of the employee's and the employer's contributions whenever a participant becomes eligible for participation in any other Government retirement system. Thus the retirement fund incurring the liability for the payment of benefits would also be in receipt of all contributions made by or on behalf of the employee so covered. It would also permit direct transfer of the employee contribution from the CIA Fund to any other fund, eliminating the present cumbersome and costly procedure which requires: refund, income tax payment on any interest, and repurchase of service credit in new system by deposit of refund and appropriate interest.

Section 6 amends section 252 of the Act by adding a new paragraph to grant to survivors the same right afforded participants to purchase prior civilian service. This change conforms to the

Section 7 amends section 273(a) of the Act to permit an annuitant retired under the Act to receive his full salary upon reemployment in the Federal Government service subject to a maximum limitation of combined salary and annuity in the amount of his salary at the time of retirement. Agency retirees, with few exceptions, need to seek a second career and may well desire such a career elsewhere in Government. CIA employees do not acquire status in the competitive service, however, and much of their experience and competence cannot readily be related to normal Government positions. The total offset of annuity upon reemployment in Government service, as it is now required, tends to limit second career employment opportunities for CIA retirees to the private sector. It thus tends to deny to the Government the services of individuals who, even though they have completed their CIA careers, are highly competent. Retirees under the CIA Retirement and Disability System have earned their annuities at the time when they retire. This principle appears to have been established for the Reserve military officer, and more recently, the retired Regular military officer, and for the retired Foreign Service Officer. With respect to retired military officers a Reservist can retain both his civilian salary and his entire annuity, and a Regular officer can retain his salary plus the first \$2,359.87 (presently) of his annuity and 50 percent of the balance thereof.